



House of Representatives

General Assembly

File No. 406

February Session, 2016

House Bill No. 5442

House of Representatives, April 4, 2016

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING LONG-TERM CARE INSURANCE POLICY PREMIUM RATE INCREASES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (2) of subsection (b) of section 38a-501 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2016*):

4 (2) (A) Any insurance company, fraternal benefit society, health
5 service corporation, medical service corporation or health care center
6 that files a rate filing for an increase in premium rates for a long-term
7 care policy that is for twenty per cent or more shall spread the increase
8 over a period of not less than three years in increments of not more
9 than seven per cent in any single year. Such company, society,
10 corporation or center shall use a periodic rate increase that is
11 actuarially equivalent to a single rate increase and a current interest
12 rate for the period chosen.

13 (B) Prior to implementing a premium rate increase, each such

14 company, society, corporation or center shall:

15 (i) Notify its policyholders of such premium rate increase and make
16 available to such policyholders the additional choice of reducing the
17 policy benefits to reduce the premium rate. Such notice shall include a
18 description of such policy benefit reductions. The premium rates for
19 any benefit reductions shall be based on the new premium rate
20 schedule;

21 (ii) Provide policyholders not less than thirty calendar days to elect
22 a reduction in policy benefits; and

23 (iii) Include a statement in such notice that if a policyholder fails to
24 elect a reduction in policy benefits by the end of the notice period and
25 has not cancelled the policy, the policyholder will be deemed to have
26 elected to retain the existing policy benefits.

27 Sec. 2. Subdivision (2) of subsection (b) of section 38a-528 of the
28 general statutes is repealed and the following is substituted in lieu
29 thereof (*Effective October 1, 2016*):

30 (2) (A) Any insurance company, fraternal benefit society, health
31 service corporation, medical service corporation or health care center
32 that files a rate filing for an increase in premium rates for a long-term
33 care policy that is for twenty per cent or more shall spread the increase
34 over a period of not less than three years in increments of not more
35 than seven per cent in any single year. Such company, society,
36 corporation or center shall use a periodic rate increase that is
37 actuarially equivalent to a single rate increase and a current interest
38 rate for the period chosen.

39 (B) Prior to implementing a premium rate increase, each such
40 company, society, corporation or center shall:

41 (i) Notify its certificate holders of such premium rate increase and
42 make available to such certificate holders the additional choice of
43 reducing the policy benefits to reduce the premium rate. Such notice
44 shall include a description of such policy benefit reductions. The

45 premium rates for any benefit reductions shall be based on the new
46 premium rate schedule;

47 (ii) Provide certificate holders not less than thirty calendar days to
48 elect a reduction in policy benefits; and

49 (iii) Include a statement in such notice that if a certificate holder fails
50 to elect a reduction in policy benefits by the end of the notice period
51 and has not cancelled the policy, the certificate holder will be deemed
52 to have elected to retain the existing policy benefits.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	38a-501(b)(2)
Sec. 2	<i>October 1, 2016</i>	38a-528(b)(2)

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill modifies how a long term insurance carrier can implement significant premium increases. These provisions do not result in a fiscal impact to the state or municipalities as it relates to private entities and individuals.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 5442*****AN ACT CONCERNING LONG-TERM CARE INSURANCE POLICY PREMIUM RATE INCREASES.*****SUMMARY:**

This bill limits the amount by which certain long-term care (LTC) insurance carriers can raise policy premium rates in any single year. Under current law, an LTC carrier (i.e., an insurer, HMO, fraternal benefit society, or health or medical service corporation) that files a rate with the insurance commissioner increasing policy premiums by 20% or more must spread the increase over at least three years. The bill prohibits a carrier, when implementing such a premium increase, from increasing rates by more than 7% in any single year.

By law, a carrier must notify individual policyholders and group certificate holders of any premium rate increase, give them the option of reducing benefits to reduce the premium rate, and give them at least 30 days to elect reduced benefits.

EFFECTIVE DATE: October 1, 2016

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 14 Nay 4 (03/17/2016)